

SENATE BILL NO. 301

INTRODUCED BY STORY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS GOVERNING LOCAL GOVERNMENT MILL LEVIES; ALLOWING LOCAL GOVERNMENTS TO IMPOSE MILL LEVIES FOR PUBLIC OR GOVERNMENTAL PURPOSES RATHER THAN FOR STATUTORILY ENUMERATED PURPOSES; REMOVING RESTRICTIONS ON THE COUNTY ALL-PURPOSE LEVY; REMOVING CERTAIN REFERENCES TO MAXIMUM MILL LEVIES; CHANGING THE CONTENTS OF THE PROPERTY TAX NOTICE; AMENDING SECTIONS 7-1-2103, 7-1-4123, 7-6-2501, 7-6-2521, 7-6-2522, 7-6-2524, 7-6-4401, 7-6-4421, 7-7-4104, 7-13-144, 7-13-3027, 7-21-3410, 15-16-101, 15-16-117, 22-1-304, 50-2-111, 53-21-1010, 67-10-402, AND 81-8-504, MCA; REPEALING SECTIONS 7-6-2523, 7-6-2526, 7-6-4023, 7-14-2504, AND 50-2-114, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2103, MCA, is amended to read:

"7-1-2103. County powers. A county has power to:

- (1) sue and be sued;
- (2) purchase and hold lands within its limits;
- (3) make contracts and purchase and hold personal property that may be necessary to the exercise of its powers;
- (4) make orders for the disposition or use of its property that the interests of its inhabitants require;
- (5) subject to 15-10-420, levy and collect taxes for the public or governmental purposes, as described in [section 7], under its exclusive jurisdiction ~~that are authorized~~ unless prohibited by law."

Section 2. Section 7-1-4123, MCA, is amended to read:

- "7-1-4123. Legislative powers.** A municipality with general powers has the legislative power, subject to the provisions of state law, to adopt, amend, and repeal ordinances and resolutions required to:
- (1) preserve peace and order and secure freedom from dangerous or noxious activities;
 - (2) secure and promote the general public health and welfare;

(3) provide any service or perform any function authorized or required by state law;

(4) exercise any power granted by state law;

(5) subject to 15-10-420, levy any tax authorized by state law for public or governmental purposes as described in [section 7];

(6) appropriate public funds;

(7) impose a special assessment reasonably related to the cost of any special service or special benefit provided by the municipality or impose a fee for the provision of a service;

(8) grant franchises; and

(9) provide for its own organization and the management of its affairs."

Section 3. Section 7-6-2501, MCA, is amended to read:

"7-6-2501. Authorization for county mill levy. Subject to 15-10-420, the board of county commissioners may levy a tax annually on the taxable property of the county for county public or governmental purposes that is necessary to defray current expenses and may levy taxes that are required to be levied by special or local statutes."

Section 4. Section 7-6-2521, MCA, is amended to read:

"7-6-2521. All-purpose levy authorized for counties. A county may at its option levy an all-purpose levy as provided in ~~7-6-2521 through~~ 7-6-2522 and 7-6-2524 ~~and 7-6-2526.~~"

Section 5. Section 7-6-2522, MCA, is amended to read:

"7-6-2522. All-purpose levy. ~~(1)~~ Subject to 15-10-420, the all-purpose levy is an annual levy upon the taxable value of all property in the county subject to taxation for county public or governmental purposes ~~in lieu of the levies specified in 7-6-2523.~~

~~(2) If the county governing body determines that the interests of the county would be served by an all-purpose levy, it shall specify its intent to impose the all-purpose levy in the resolution approving and adopting the annual budget."~~

Section 6. Section 7-6-2524, MCA, is amended to read:

"7-6-2524. Changes from all-purpose levy. A county adopting the all-purpose levy provided for in

1 7-6-2521 ~~through and 7-6-2522 7-6-2524 and 7-6-2526~~ is bound by that adoption during the ensuing fiscal year
2 but may abandon the method in succeeding fiscal years."
3

4 **NEW SECTION. Section 7. County taxation -- purposes.** A county may impose a property tax levy
5 for any public or governmental purpose not specifically prohibited by law. Public and governmental purposes
6 include but are not limited to:

- 7 (1) district court purposes as provided in 7-6-2511;
- 8 (2) county-owned or county-operated health care facility purposes as provided in 7-6-2512;
- 9 (3) county law enforcement services and maintenance of county detention center purposes as provided
10 in 7-6-2513 and search and rescue units as provided in 7-32-235;
- 11 (4) multijurisdictional service purposes as provided in 7-11-1106;
- 12 (5) transportation services for senior citizens and persons with disabilities as provided in 7-14-111;
- 13 (6) support for a port authority as provided in 7-14-1132;
- 14 (7) county road, bridge, and ferry purposes as provided in 7-14-2101, 7-14-2501, 7-14-2502,
15 7-14-2503, 7-14-2801, and 7-14-2807;
- 16 (8) recreational, educational, and other activities of the elderly as provided in 7-16-101;
- 17 (9) purposes of county fair activities, parks, cultural facilities, and any county-owned civic center, youth
18 center, recreation center, or recreational complex as provided in 7-16-2102, 7-16-2109, and 7-21-3410;
- 19 (10) programs for the operation of licensed day-care centers and homes as provided in 7-16-2108 and
20 7-16-4114;
- 21 (11) support for a museum, facility for the arts and the humanities, or collection of exhibits as provided
22 in 7-16-2205;
- 23 (12) extension work in agriculture and home economics as provided in 7-21-3203;
- 24 (13) weed control and management purposes as provided in 7-22-2142;
- 25 (14) insect control programs as provided in 7-22-2306;
- 26 (15) fire control as provided in 7-33-2209;
- 27 (16) ambulance service as provided in 7-34-102;
- 28 (17) public health purposes as provided in 50-2-111 and 50-2-114;
- 29 (18) public assistance purposes as provided in 53-3-115;
- 30 (19) indigent assistance purposes as provided in 53-3-116;

- 1 (20) developmental disabilities facilities as provided in 53-20-208;
2 (21) mental health services as provided in 53-21-1010;
3 (22) airport and landing field purposes as provided in 67-10-402 and 67-11-302;
4 (23) purebred livestock shows and sales as provided in 81-8-504; and
5 (24) economic development purposes as provided in 90-5-112.
6

7 **Section 8.** Section 7-6-4401, MCA, is amended to read:

8 **"7-6-4401. General taxing power of municipalities.** Subject to 15-10-420, the city or town council may
9 levy and collect taxes for general and special public or governmental purposes on all property within the city or
10 town subject to taxation under the laws of the state."
11

12 **Section 9.** Section 7-6-4421, MCA, is amended to read:

13 **"7-6-4421. Authorization for tax levy and collection by municipality.** (1) Subject to 15-10-420, the
14 council has power to annually levy and collect taxes on all the property in the city or town taxable for state and
15 county public or governmental purposes and may by ordinance provide for the levy and collection of the taxes.

16 (2) Until the passage of the ordinance, the levy and collection of municipal taxes are and the
17 proceedings for those purposes must be as provided in this part."
18

19 **Section 10.** Section 7-7-4104, MCA, is amended to read:

20 **"7-7-4104. Incurrence of certain general obligations.** (1) A municipality may enter into or incur an
21 obligation for any public or governmental purpose ~~authorized by law~~, including the purposes set forth in
22 7-7-4101. An obligation may be in the form of bonded indebtedness, note indebtedness, a lease, a
23 lease-purchase agreement, an installment purchase contract, or other legal form. An obligation constitutes a
24 general obligation of the municipality but is not secured by a pledge of the taxing power of the municipality.

25 (2) The obligation provided for in subsection (1) may be authorized by a resolution adopted by the
26 governing body of the municipality. The resolution must establish the terms, covenants, and conditions of the
27 obligation. It is not necessary to submit the question of incurring the obligation to the electors of the municipality.
28 The obligation may be incurred or sold at public or private sale, on terms and at prices that the governing body
29 determines to be advantageous. The obligation does not constitute indebtedness for the purpose of statutory
30 debt limitations.

(3) An obligation may be issued only if:

(a) the principal amount of the obligation does not exceed 10% of the general fund budget of the municipality in each of the 2 immediately preceding fiscal years;

(b) at the time the obligation is to be incurred, the debt services in the current or in any future fiscal year on the obligation and any other outstanding obligation issued pursuant to this section do not exceed 2% of the revenue deposited in the general fund of the municipality in each of the 2 immediately preceding fiscal years; and

(c) the term of the obligation does not exceed 20 years.

(4) The obligation must clearly state that it is not secured by a pledge of the municipality's taxing power but that it is payable solely from revenue in the general fund in any fiscal year that is pledged to the payment of the obligation.

(5) In order to secure the payment of principal of or interest on an obligation and related charges, the municipality may grant a first lien on all revenue collected and deposited in the general fund subject to or on a parity with any prior pledges. The municipality may establish other funds and accounts for obligations issued under this section that may be necessary to provide for the priority and segregation of revenue deposited in the general fund and pledged to the payment of obligations. For purposes of this section, related charges include the fees and expenses of registrars and paying agents and the amounts, if any, that must be rebated to the federal government under 26 U.S.C. 148.

(6) All obligations incurred under this section are legal and valid obligations of the municipality issuing the obligations, and the general credit of the municipality is irrevocably pledged for the prompt payment of both the principal of and interest on the obligations as they become due. However, the municipality may not be obligated to levy taxes for the payment of any obligation or interest on the obligation.

(7) The powers conferred on a municipality by this section are in addition to and are supplemental to the powers conferred by any other general, special, or local law. To the extent that the provisions of this section are inconsistent with provisions of any other general, special, or local law, the provisions of this section are controlling."

Section 11. Section 7-13-144, MCA, is amended to read:

"7-13-144. Resolution to establish service charges -- hearing -- limitations and tax levy. The board of county commissioners ~~shall have authority~~ may, subject to the provisions of Title 69, chapter 7, by resolution

1 and after public hearing:

2 (1) ~~to~~ fix and establish the sewer rates, charges, and rentals at amounts sufficient in each year; to
3 provide income and ~~revenues~~ revenue adequate for the payment of the reasonable expense of operation and
4 maintenance of the system;

5 (2) ~~to~~ fix and establish an additional charge; for the operation and maintenance of a sanitary and storm
6 sewer system and of a sewage treatment plant; and

7 (3) ~~to subject to 15-10-420, levy and to assess a tax upon the taxable valuation of each and every lot~~
8 ~~or parcel of land and improvements thereon on the parcel or lot in the district; not in excess of 2 mills on each~~
9 ~~dollar of taxable valuation; in order to provide sufficient revenues revenue for the reserve fund of the amounts~~
10 ~~in an amount necessary to meet the financial requirements of such the fund as described in 7-13-151 through~~
11 ~~7-13-156."~~

12
13 **Section 12.** Section 7-13-3027, MCA, is amended to read:

14 **"7-13-3027. Resolution to establish service charges -- hearing -- limitations and tax levy.** The
15 governing body may, subject to the provisions of Title 69, chapter 7, by resolution and after public hearing:

16 (1) establish the rates, charges, and rentals in amounts sufficient in each year to provide income and
17 ~~revenues~~ revenue adequate for the payment of the reasonable expense of operation and maintenance of the
18 system;

19 (2) establish an additional charge for the operation and maintenance of a system and a plant; and

20 (3) subject to 15-10-420, levy and assess a tax upon the taxable valuation of each and every lot or
21 parcel of land and improvements in the district; ~~not in excess of 2 mills on each dollar of taxable valuation;~~ to
22 provide sufficient ~~revenues~~ revenue for the reserve fund in ~~the amounts~~ an amount necessary to meet the
23 financial requirements of the fund as described in 7-13-3034 through 7-13-3039."

24
25 **Section 13.** Section 7-21-3410, MCA, is amended to read:

26 **"7-21-3410. Funding of county fair activities.** (1) The board of county commissioners may appropriate
27 annually, out of the general fund of the county treasury and to the county fair commission, ~~a sum not to exceed~~
28 ~~\$3,500;~~ funds to be expended by the county fair commission for the purpose of holding a county fair or junior
29 fair and for advertising the products and resources of the county.

30 (2) Subject to 15-10-420 and in addition to or in lieu of the appropriation provided for in subsection (1),

1 the county commissioners may levy an ad valorem tax of ~~1 1/2 mills or less~~ on each dollar of taxable property
2 in the county for the purpose of securing, equipping, maintaining, and operating a county fair or a junior fair,
3 including the purchase of land and the erection of buildings and other appurtenances as may be necessary.

4 (3) The funds derived from the appropriation or tax levy must be kept in a separate fund by the county
5 treasurer and must be paid out by the treasurer on order signed by the president and secretary of the fair
6 commission."

7
8 **SECTION 14. SECTION 15-16-101, MCA, IS AMENDED TO READ:**

9 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt
10 of the property tax record, the county treasurer shall publish a notice specifying:

11 (a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next
12 November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount
13 then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency
14 until paid and 2% will be added to the delinquent taxes as a penalty;

15 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the
16 next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate
17 of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as
18 a penalty; and

19 (c) the time and place at which payment of taxes may be made.

20 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,
21 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due
22 and delinquent for other years. The written notice must include:

23 (i) the taxable value of the property;

24 (ii) the total mill levy applied to that taxable value;

25 ~~(iii) the value of each mill in that county;~~

26 ~~(iv)~~(iii) itemized city services and special improvement district assessments collected by the county;

27 ~~(v)~~(iv) the number of the school district in which the property is located; and

28 ~~(vi)~~(v) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax,
29 and other tax.

30 (b) If the property is the subject of a tax sale for which a tax sale certificate has been issued under

1 15-17-212, the notice must also include, in a manner calculated to draw attention, a statement that the property
2 is the subject of a tax sale and that the taxpayer may contact the county treasurer for complete information.

3 (3) The municipality shall, upon request of the county treasurer, provide the information to be included
4 under subsection ~~(2)(a)(iv)~~ (2)(a)(iii) ready for mailing.

5 (4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper
6 published in the county, if there is one, or if there is not, then by posting it in three public places. Failure to
7 publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax
8 due for the current year or of delinquent tax will not affect the legality of the tax.

9 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an additional
10 tax is not owed and a new tax bill does not need to be prepared."
11

12 **Section 15.** Section 15-16-117, MCA, is amended to read:

13 **"15-16-117. Personal property -- treasurer's duty to collect certain taxes.** (1) The county treasurer
14 shall demand payment of road taxes, authorized by 7-14-2206 or 7-14-2501 through ~~7-14-2504~~ 7-14-2503, from
15 each person liable for the taxes whose name does not appear on the property tax record. On the neglect or
16 refusal of a person to pay the taxes, the treasurer shall collect the taxes by seizure and sale of any property
17 owned by the person.

18 (2) Subject to 15-10-420, these taxes must be added in the property tax record to other property taxes
19 of persons paying taxes upon real and personal property and must be paid to the county treasurer at the time
20 of payment of other taxes.

21 (3) The procedure for the sale of property by the county treasurer for the taxes is regulated by
22 15-16-119 and 15-17-911.

23 (4) The provisions of this section do not apply to property for which delinquent property taxes have been
24 suspended or canceled under the provisions of Title 15, chapter 24, part 17."
25

26 **Section 16.** Section 22-1-304, MCA, is amended to read:

27 **"22-1-304. Tax levy -- special library fund -- bonds.** (1) Subject to 15-10-420, the governing body of
28 a city or county that has established a public library may levy in the same manner and at the same time as other
29 taxes are levied a tax in the amount necessary to maintain adequate public library service.

30 (2) (a) The governing body of a city or county may by resolution submit the question of imposing a tax

1 levy to a vote of the qualified electors at an election as provided in 15-10-425. The resolution must be adopted
2 at least 75 days prior to the election at which the question will be voted on.

3 (b) Upon a petition being filed with the governing body and signed by not less than 5% of the resident
4 taxpayers of any city or county requesting an election for the purpose of imposing a mill levy, the governing body
5 shall submit to a vote of the qualified electors at the next election or at a special election, as provided in
6 15-10-425, the question of imposing the mill levy. The petition must be delivered to the governing body at least
7 90 days prior to the election at which the question will be voted on.

8 ~~(3) The municipal tax authorized in this section is in addition to all other taxes authorized by law and~~
9 ~~is not within the all-purpose mill levy established by 7-6-4451 and 7-6-4453.~~

10 ~~(4)(3)~~ The proceeds of the tax constitute a separate fund called the public library fund and may not be
11 used for any purpose except those of the public library.

12 ~~(5)(4)~~ Money may not be paid out of the public library fund by the treasurer of the city or county except
13 by order or warrant of the board of library trustees.

14 ~~(6)(5)~~ Bonds may be issued by the governing body in the manner prescribed by law for the following
15 purposes:

- 16 (a) building, altering, repairing, furnishing, or equipping a public library or purchasing land for the library;
17 (b) buying a bookmobile or bookmobiles; and
18 (c) funding a judgment against the library."

19
20 **Section 17.** Section 50-2-111, MCA, is amended to read:

21 **"50-2-111. City-county board appropriations.** If a city-county board is created, it is financed by one
22 of the following methods:

23 (1) (a) The county commissioners and governing body of each participating city may mutually agree
24 upon the division of expenses.

25 (b) The county's part of the total expenses is financed by an appropriation from the general fund of the
26 county after approval of a budget in the way provided for other county offices and departments under Title 7,
27 chapter 6, part 40.

28 (c) Each participating city's part of the total expenses is financed by an appropriation from the general
29 fund of the city after approval of a budget in the way provided for other city offices and departments under Title
30 7, chapter 6, part 40.

(d) All money must be deposited with the county treasurer who shall disburse the money as county funds.

(2) (a) The county commissioners and governing body of each participating city may mutually agree upon the division of the expenses.

(b) Subject to 15-10-420, the county's part of the total expenses is financed by a levy on the taxable value of all taxable property outside the incorporated limits of each participating city after approval of a budget in the way provided for other county offices and departments under Title 7, chapter 6, part 40. If the levy is not sufficient to fund the county's share, the county commissioners may supplement it with an appropriation from the county general fund.

(c) Subject to 15-10-420, each participating city's part of the total expenses is financed by a levy on the taxable value of all taxable property within the incorporated limits of the city after approval of a budget in the way provided for other city offices and departments under Title 7, chapter 6, part 40.

(d) All money must be deposited with the county treasurer who shall disburse the money as county funds.

~~(e) The levies authorized by this subsection (2) are in addition to all other levies authorized by law."~~

Section 18. Section 53-21-1010, MCA, is amended to read:

"53-21-1010. (Effective July 1, 2005) County commissioners -- community mental health centers -- licensed mental health centers. (1) The county commissioners in each of the counties in the region or service area that are designated as participating counties pursuant to subsection (4) may appoint, upon request, a person from their respective county to serve as a representative of the county on a community mental health center board or other licensed mental health center board.

(2) A community mental health center board or other licensed mental health center board may establish a recommended proportionate level of financial participation for each of the counties within the region for the provision of mental health services within the limits of financial participation authorized by this section.

(3) Prior to June 10 of each year, the board of a community mental health center or other licensed mental health center may submit an annual budget to the board of county commissioners of each of the counties within their mental health region or service area, specifying each county's recommended proportionate share.

(4) If a board of county commissioners includes in the county budget the county's proportionate share of the community mental health center or other licensed mental health center board's budget, the county must

1 be designated as a participating county. Funds for each participating county's proportionate share for the
2 operation of mental health services within the region must be derived from the county's general fund. Subject
3 to 15-10-420, if the general fund is insufficient to meet the approved budget, a levy may be made on the taxable
4 valuation of the county ~~in addition to all other taxes allowed by law to be levied on that property.~~

5 (5) Each board of county commissioners, after determining the amount of county general fund money
6 to be used for mental health services, may contract with a community mental health center or another licensed
7 mental health center or provider for mental health services in the county."
8

9 **Section 19.** Section 67-10-402, MCA, is amended to read:

10 **"67-10-402. Tax levy.** (1) Subject to 15-10-420 and for the purpose of establishing, constructing,
11 equipping, maintaining, and operating airports, landing fields, and ports under the provisions of this chapter and
12 as provided in Title 7, chapter 14, part 11, the county commissioners or the city or town council may each year
13 assess and levy, ~~in addition to the annual levy for general administrative purposes or the all-purpose mill levy~~
14 ~~authorized by 7-6-4451,~~ a tax on the taxable value of all taxable property in the county, city, or town for airports
15 and landing fields and for ports.

16 (2) In the event of a jointly established airport, landing field, or port, the county commissioners and the
17 city or town council or councils involved shall determine in advance the levy necessary for those purposes and
18 the proportion that each political subdivision joining in the venture is required to pay.

19 (3) If the levy is insufficient for the purposes enumerated in subsection (1), the commissioners and
20 councils are authorized and empowered to contract an indebtedness on behalf of the county, city, or town by
21 borrowing money or issuing bonds for those purposes. However, bonds may not be issued until the proposition
22 has been submitted to the qualified electors and approved by a majority vote, except as provided in subsection
23 (4).

24 (4) For the purpose of establishing a reserve fund to resurface, overlay, or improve existing runways,
25 taxiways, and ramps, the governing bodies may set up annual reserve funds in their annual budget if:

26 (a) the reserve is approved by the governing bodies during the normal budgeting procedure;

27 (b) the necessity to resurface or improve runways by overlays or similar methods periodically is based
28 upon competent engineering estimates; and

29 (c) the funds are expended at least within each 10-year period.

30 (5) The reserve fund may not exceed at any time a competent engineering estimate of the cost of

1 resurfacing or overlaying the existing runways, taxiways, and ramps of any one airport for each fund. The
2 governing body of the airport or port, if in its judgment it considers it advantageous, may invest the fund in any
3 interest-bearing deposits in a state or national bank insured by the FDIC or obligations of the United States of
4 America, either short-term or long-term. Interest earned from the investments must be credited to the operations
5 and maintenance budget of the airport or port governing body. Due to the uniqueness of the subject matter, the
6 provisions of this section are declared necessary in the interests of the public health and safety."

7
8 **Section 20.** Section 81-8-504, MCA, is amended to read:

9 **"81-8-504. Tax levy authorized.** For the purpose of defraying the costs of purebred livestock shows
10 and purebred livestock sales, the county commissioners may, subject to 15-10-420, levy a tax on the taxable
11 value of all taxable property in the county, ~~in excess of the amount levied for county purposes.~~ The taxes must
12 be paid into the general fund of the county."

13
14 NEW SECTION. **Section 21. Repealer.** Sections 7-6-2523, 7-6-2526, 7-6-4023, 7-14-2504, and
15 50-2-114, MCA, are repealed.

16
17 NEW SECTION. **Section 22. Codification instruction.** [Section 7] is intended to be codified as an
18 integral part of Title 7, chapter 6, part 25, and the provisions of Title 7, chapter 6, part 25, apply to [section 7].

19
20 NEW SECTION. **Section 23. Effective date.** [This act] is effective July 1, 2005.

21 - END -